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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**WATER DIVISION
Water Advisory Branch**

**RESOLUTION NO. W-4323
February 7, 2002**

R E S O L U T I O N

**(RES. W-4323), TWIN VALLEY WATER COMPANY, INC.,
(TVWC). ORDER AUTHORIZING AN OFFSET RATE
INCREASE OF \$19,877 OR 35.1% IN ADDITIONAL REVENUE
DUE TO PURCHASED POWER COSTS AND PUMP
ASSESSMENTS.**

SUMMARY

By Advice Letter 15, filed October 15, 2001, TVWC seeks to increase rates by \$19,877 or 35.1% to offset increases of purchased power from Pacific Gas & Electric Company (PG&E), and pump assessments from the Santa Clara Valley Water District. The increase will not result in a rate of return greater than last authorized for TVWC.

BACKGROUND

TVWC requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to adjust rates to offset the increase in its purchased power and pump assessment costs.

Pursuant to Commission Decision (D.) 01-03-082, Southern California Edison (SCE) and PG&E were granted a rate increase of \$0.03 per kilowatt-hour due to the recent increase in wholesale electricity costs. The Santa Clara Valley County Water District (SCVWD) has increased their charges for pumping water. As a result of the increases granted to PG&E and SCVWD, TVWC is seeking to increase its rates by increasing its meter rate schedules to offset the \$19,877 or 35.1% estimated increase in purchased power and pump assessment costs.

NOTICE AND PROTESTS

Notice of the proposed rate increase was mailed to the customers, as a bill insert, on September 30, 2001. The Water Division (Division) received one letter objecting to TVWC choosing to pay the increases PG&E and SCVWD charged. When it was pointed out the charges are like a tax and TVWC had no choice but to pay the increases, the customer seemed satisfied. Another letter was received protesting the increase and requesting an Evidentiary Hearing. The Division has responded to the protestant in writing explaining that the offset increase in rates is to recover increases in utility costs over which it has no control. For this reason, hearings on the matter are not appropriate.

DISCUSSION

Effective June 3, 2001, pursuant to D.01-05-064, PG&E rates were increased for summer and winter consumption. These PG&E rate increases have resulted in a \$9,772 increase in purchased power costs for TVWC. The SCVWD has increased the Pump Charge TVWC must pay to \$130 per acre-foot. The net result to TVWC is an annual increase of \$10,105. The total annual increase is \$19,877.

The increase in PG&E's purchased power costs and SCVWD's pump charges are directly related to water consumption and therefore shall be applied to quantity rates. In order to recover the higher costs, TVWC will increase its quantity charge from \$1.74 to \$2.35 per Ccf (one Ccf is equal to 100 cubic feet) for all use.

TVWC's year 2000 recorded rate of return was a loss. Its last authorized rate of return was 11.56% as provided by Res. W-3892 dated November 27, 1994. TVWC is not overearning its authorized rate of return.

The offset increase requested herein is for the purpose of recovering in rates on a dollar-for-dollar basis changes in items that have occurred since the present rates became effective. This rate increase will not result in a return greater than that previously authorized.

FINDINGS

1. The Commission finds, after investigation by the Water Advisory Branch, that the rate increase hereby authorized is justified, and the resulting rate is just and reasonable.

THEREFORE IT IS ORDERED THAT:

1. Twin Valley Water Company, Inc. is authorized, five days after the effective date herein, to make effective the revised rate Schedule No. 1, Metered Service, attached to Advice Letter 15, and to concurrently cancel the presently effective rates.
2. Twin Valley Water Company, Inc. is directed to maintain a balancing account as required by Public Utilities Code Section 792.5.
3. This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on February 7, 2002; the following Commissioners voting favorably thereon:

WESLEY M. FRANKLIN
Executive Director